

DTE 05-27

Witness Responsible: Nancy Brockway

DATE: July 26, 2005

Q: IR DTE-UWUA 2-1

Refer to Exhibit UWUA-Brockway, at 56, lines 15-23 and Mr. Bryant's testimony from July 12, 2005, at 1035-1037. Given this discussion regarding the Company's request for recovery of the Metscan costs and how that recovery is tied to the existence of the capital leases, are there any changes you would make to your recommendation pertaining to the Metscan costs? If not, why not? If so, please describe any changes.

ANSWER:

No. At the transcript pages cited in the information request, Mr. Bryant is discussing the point that there is little difference in his view from a regulatory standpoint between a capital lease and a capital investment. While there are some differences, they are not important to my testimony, and the observations Mr. Bryant makes do not change my testimony.

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Q: IR DTE-UWUA 2-2

Refer to Exhibit UWUA-Brockway, at 56, lines 18-20. Given the fact that Bay State Gas decided to go forward with the installation of the Metscan devices in 1987, how long should the Company have waited before undertaking such a decision, especially in light of the Company's claim that problems did not become evident with the Metscan devices until they had been in service for seven years?

ANSWER:

There are a number of alternative courses the Company could have taken that would have delayed the investment in Metscan until such time as the devices had been field tested sufficiently to understand their potential defects. One alternative would have been to wait until other utilities with similar field conditions had experience through a complete life cycle with the devices. Another option would have been to begin with a smaller commitment to the technology, until a full life cycle of satisfactory operation had been experienced, as a pilot. Another alternative, that would also have lessened the risk of betting on a new technology, would have been to more slowly phase in the devices.

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Q: IR DTE-UWUA 2-3

Refer to Exhibit UWUA-Brockway, at 63, lines 17-19. Is the witness aware that Bay State Gas was not an affiliate of NiSource when it adopted the Metscan technology in 1987?

ANSWER: Yes. The reference to NiSource was inelegant. NiSource is now the parent of Bay State, and as such is responsible for Bay State's decision in 1987 and up through the purchase of Bay State as if it had always been the parent of Bay State. That is the sense in which I referenced NiSource. A more clear statement would have been to say that Bay State Gas was an early adopter of the Metscan technology. Because NiSource steps into Bay State's shoes, this clarification does not change the thrust of my testimony.